

May 12, 2010

ITEM NO. B7

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH MCHUGH
CONSTRUCTION CO. FOR GENERAL CONTRACTOR SERVICES AT
POMEROY APARTMENTS (IL2-039) AND TO ASSIGN THE CONTRACT TO
POMEROY SENIOR HOUSING LIMITED PARTNERSHIP**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a firm fixed fee contract with the McHugh Construction Co. for the amount of \$17,750,000 for General Contractor services at Pomeroy Apartments (IL2-039), a Senior Housing building located at 5650 North Kenmore Avenue, for a 12 month construction period from the date set forth in the Notice to Proceed, and assign the contract to Pomeroy Senior Housing Limited Partnership.

FUNDING

Funding provided from Chicago Housing Authority loan proceeds (General and Other Funds), authorized under a separate Board item, and Low Income Housing Tax Credit equity. No separate CHA funding required for this Board item.

Specification No: 10 – 00493

Recommended Vendor: McHugh Construction Co.

1737 S. Michigan Avenue, Chicago, IL 60616

Contract Type: Construction
Contract Amount: \$17,750,000

Date Advertised:	February 24, 2010
Pre-Proposal Conference:	March 4, 2010
First Site Visit:	March 4, 2010
Second Site Visit:	March 17, 2010
Addendum No. 1 Issued:	March 15, 2010
Addendum No. 2 Issued:	March 18, 2010
Addendum No. 3 Issued:	March 23, 2010
Addendum No. 4 Issued:	March 30, 2010
Addendum No. 5 Issued:	April 1, 2010
Date Proposals Due:	April 5, 2010
Advertisement Publication(s):	Chicago Sun-Times Chicago Defender El Dia CHA Website BuySpeed Online

Number of Vendors Solicited: 526
(including 112 MBE/WBE Firms)
Assist Agencies: 44
Number of Pick-Ups/Downloads: 85
(including 34 MBE/WBE Firms)
Number of Proposals Received: 9

Contract Term: Twelve (12) month construction period, (365) calendar days from the date set forth in the Notice to Proceed

M/W/DBE Participation:

Direct: MBE 30% WBE 10% DBE _____%
Indirect: MBE _____% WBE _____% DBE _____%
Waiver _____ Yes/No

Section 3:

(#) Hiring 20, (\$) Subcontracting _____, (\$) Other Economic Opportunities \$_____

GENERAL BACKGROUND

The Office of Development Management (“ODM”) solicited proposals for the renovation of Pomeroy Apartments, constructed in 1923. Once completed, it will return one-hundred-four (104) public housing opportunities to the Chicago Housing Authority’s (“CHA”) senior citizen community plus a management apartment. Following complete interior demolition, the renovation work required in this nine (9) story building includes replacement of mechanical infrastructure, newly configured floor plans and common areas, exterior work that includes window and door replacement and selective masonry repair. The work also includes all upgrades needed to meet local codes, ADA accessibility compliance, as well as energy efficient components intended to achieve LEED Certification, and provide eligible basis for energy tax credits.

The CHA currently owns the Pomeroy Apartments, a public housing senior building located at 5650 North Kenmore Avenue in Chicago (the “Property”). The CHA intends to transfer ownership of the Property to the Pomeroy Senior Housing Limited Partnership (the “Owner”). The Owner will be comprised of a Limited Partner (99.991%) represented by a private tax credit investor and a General Partner (.009%) represented by Pomeroy Housing Development, LLC, of which CHA will be the sole member. Upon closing of the transfer of the Property to the Owner, the CHA will assign the construction contract to the Owner. The Property will be redeveloped as a mixed-financed project. CHA will provide collateral for a construction loan and fund a permanent loan, and leverage additional project funding including equity from Low Income Housing Tax Credits. As the General Partner, the CHA will facilitate the transaction and operate the project as public housing.

PROCUREMENT HISTORY

The CHA released RFP No. 10-00493 for the renovation of the Pomeroy Apartments on February 24, 2010. Eighty-five (85) firms picked up or downloaded the solicitation. The RFP was advertised in the Chicago Sun-Times, Chicago Defender, El Dia and on the CHA Website as well as BuySpeed online on February 24, 2010. A Pre-Bid Conference and site visit was held at Pomeroy Apartments and CHA Offices at 60 E. Van Buren, 13th Floor on March 4, 2010. Addendum No. 1 was issued on March 15, 2010 to update the drawings and technical specifications and schedule a second site visit for March 17, 2010. Addendum No. 2 was issued on March 18, 2010 to respond to the RFIs received by March 9, 2010, update the Schedule of Change Order Prices and to extend the proposal due date. Addendum No. 3 was issued on March 23, 2010, to respond to a second round of RFIs received by March 18, 2010, revise the fee proposal pages and to extend the proposal due date. Addendum No. 4 was issued on March 30, 2010 to extend the proposal due date. And the last addendum, Addendum No. 5 was issued on April 1, 2010 to update the Fee Proposal Form. Nine (9) proposals were received on April 5, 2010. Proposals were reviewed for responsiveness and evaluated and scored. Six (6) firms placed in the competitive range set by the Director of Procurement.

EXPLANATION

In selecting a general contractor, the evaluators considered each respondent's work plan, past performance related to rehabilitating low income housing tax credit - multi-housing developments, experience with LEED certification, quality control and assurance plans, construction schedule, contract administration capability and relationship with subcontractors and material suppliers. Because this project is funded in part through the American Recovery and Reinvestment Act of 2009 (ARRA), the evaluators also considered each respondent's demonstrated knowledge of the reporting requirements of ARRA.

The McHugh Construction Co. scored highest for its overall approach to the project, having a strong balance of experience performing as a general contractor on residential development projects that have attained LEED certification as well as development projects utilizing mixed-financing and ARRA funding.

Based on the foregoing, it is in the best interest of CHA to enter into a firm fixed-fee contract with McHugh Construction Company in the amount of \$17,750,000 for general contractor services at Pomeroy Apartments (IL2-039), a senior housing building located at 5650 North Kenmore Avenue, for a 12 month construction period from the date set forth in the Notice to Proceed, and to assign the contract to Pomeroy Senior Housing Limited Partnership.

This award is subject to the Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 resident hiring, bonding and insurance requirements as well as all applicable provisions of ARRA, including the Buy American provision.

RESOLUTION NO. 2010-CHA-67

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 12, 2010, entitled "AUTHORIZATION TO ENTER INTO A CONTRACT WITH THE MCHUGH CONSTRUCTION CO. FOR GENERAL CONTRACTOR SERVICES AT POMEROY APARTMENTS (IL2-039) AND TO ASSIGN THE CONTRACT TO POMEROY SENIOR HOUSING LIMITED PARTNERSHIP";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a firm fixed-price contract with the McHugh Construction Co. in the amount of \$17,750,000 for General Contractor services at Pomeroy Apartments (IL2-039), a Senior Housing building located at 5650 North Kenmore Avenue, for a 12 month construction period from the date set forth in the Notice to Proceed, and to assign the contract to Pomeroy Senior Housing Limited Partnership.

